

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

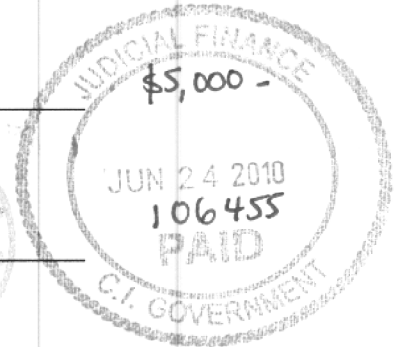
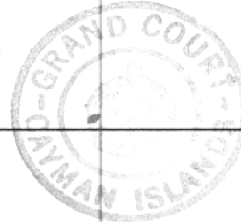
FSD CAUSE NO: 164 OF 2010

IN THE MATTER OF SECTIONS 14 TO 16 OF THE COMPANIES LAW (2009 REVISION)

AND IN THE MATTER OF EPRO LIMITED



PETITION



To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION of EPRO Limited. (the "**Company**") of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 Cayman Islands shows that:

Purpose

- 1 The object of this Petition is to seek an Order of the Court pursuant to section 16 of the Companies Law (2009 Revision) (the "**Companies Law**") confirming a reduction of the capital of the Company, which has been approved by special resolution of the Company's shareholders.

Background

- 2 The Company was incorporated and registered on 15 March 2000 as an exempted company limited by shares.
- 3 The registered office of the Company is situate at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is Room 1501, 15th Floor,

Tung Hip Commercial Building, 244-248 Des Voeux Road, Central, Hong Kong Special Administrative Region of the People's Republic of China.

- 4 The objects for which the Company was formed are unrestricted but include, without limitation, to act and to perform all the functions of a holding company and as an investment company and to carry out the other objects more particularly set forth in the Company's Amended and Restated Memorandum of Association dated 15 March 2000 and Articles of Association (the "**Articles**") dated 10 July 2000 (as amended from time to time)
- 5 Since 2 August 2000, the issued shares of the Company have been listed and traded on the Growth Enterprise Market of The Stock Exchange of Hong Kong.

Company's share capital

- 6 The Company was incorporated and registered with an authorised share capital of HK\$100,000 divided into 1,000,000 shares with a par value of HK\$0.10 each. By written resolution of the sole shareholder dated 8 July 2000 the authorised share capital of the Company was increased to HK\$1,000,000,000 by the creation of an additional 9,999,000,000 shares of HK\$0.10 par value each. Following an order made by this Honourable Court on 22 August 2003, the Company reduced its share capital by cancelling HK\$0.09 on each of the issued and unissued shares of the Company, thus reducing the Company's authorised share capital to HK\$100,000,000, which, by way of ordinary resolution of the Company dated 30 May 2003 (which took effect on 27 August 2003) the Company's authorised share capital was increased to HK\$1,000,000,000 by the creation of an additional 90,000,000,000 new shares of HK\$0.01. On 30 December 2005, every 10 issued and unissued shares in the authorised share capital of the Company were consolidated into a single share with a par value of HK\$0.10.
- 7 Accordingly, at the date of this Petition, the Company's authorised share capital is HK\$1,000,000,000 divided into 10,000,000,000 shares with a par value of HK\$0.10 each. As at the date of this Petition, there are 336,168,000 issued shares each of which is fully paid or treated as fully paid.

Power to reduce the Company's share capital

- 8 Pursuant to 6 of the Articles, the Company has the power to reduce its share capital by special resolution subject to the Companies Law. Article 6 is as follows:

"The Company may from time to time by special resolution, subject to any confirmation or consent required by the [Companies] Law, reduce its share capital or any share premium account or any capital redemption reserve or other undistributable reserve in any manner permitted by law."

- 9 By special resolutions of the Company duly passed in accordance with Company's Articles and Section 60 of the Companies Law at an extraordinary general meeting of the Company's shareholders held on 18 June 2010 in Hong Kong (the "EGM") it was resolved (amongst other things):

"1. THAT, conditional upon (i) the granting by the Stock Exchange of the listing of and permission to deal in the ordinary shares of HK\$0.01 each in the capital of the Company created as a result of the Capital Reorganisation (as defined below); (ii) compliance with any condition which the Grand Court of the Cayman Islands (the "Court") may impose; and (iii) the sanction of the Court and the filing with the Registrar of Companies in the Cayman Islands a copy of the order of the Court and a copy of the minutes approved by the Court confirming the Capital Reorganisation (as defined below):

- (A) the issued share capital of the Company be and is hereby reduced from HK\$33,616,800 to HK\$3,361,680 by (i) the cancellation of HK\$0.09 paid up capital on each issued share so that each issued share shall be treated as one fully paid up share of HK\$0.01 each in the capital of the Company; and (ii) the reduction of the par value of each and every unissued share from HK\$0.10 to HK\$0.01 (the "Capital Reorganization");*
- (B) the Directors be and are hereby authorized to apply the credit arising from the Capital Reorganization in the amount of approximately HK\$30,255,120 to set off against the accumulated loss of the Company;*
- (C) the Directors be and are hereby authorized generally to do all such acts, deeds and things as they shall, in their absolute discretion, consider appropriate and desirable to effect and implement any of the matters in this Resolution."*

2. THAT:

Clause 8 of the Company's memorandum of association be deleted in its entirety and substituted with the following:

The share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 shares of a nominal or par value of HK\$0.01 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (Revised) and the Articles of Association, and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority, or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether stated to be preference or otherwise shall be subject to the power hereinbefore contained.

3. THAT:

Article 3(1) of the Company's articles of association be deleted in its entirety and substituted with the following:

"The share Capital of the Company is HK\$100,000,000 divided into 10,000,000,000 shares of a nominal or par value of HK\$0.01 each."

Purpose of the Capital Reduction

- 10 The Company seeks to raise HK\$245,000,000 for its ongoing business needs by:
- (a) the issuance of 400,000,000 shares at HK\$0.05 per share (the "**Subscription Shares**") to ChangAn Investment Holdings II Limited and Innopac Holdings Limited, both of which are limited liability companies incorporated in the British Virgin Islands (together the "**Investors**"); and
 - (b) the issuance of convertible notes to the Investors in the principal sum of HK\$225,000,000 convertible into shares of the Company at HK\$0.05 per share so issued upon conversion (the "**Convertible Notes**").
- 11 The issuance of the Subscription Shares and the Convertible Notes was approved by the Company's shareholders by way of an ordinary resolution passed at the EGM. However, this approval is conditional upon, amongst other things, the confirmation of this Petition by this Honourable Court.

- 12 The issuance of the Subscription Shares and the shares to be issued upon conversion of the Convertible Notes will be at a price below the current par value of the Company's shares. This was agreed between the Company and the Investors in a Subscription Agreement executed by and between them on 30 April 2010 (the "**Subscription Agreement**") and reflective of an agreed (and more accurate) value of the shares of the Company.
- 13 The Companies Law prohibits the Company from issuing any shares below their par value without, amongst other things, approval of the Grand Court. Therefore unless the par value of each share of the Company is reduced, the Company would be unable to raise new capital by issuing new shares that are more reflective of the true value of the Company.
- 14 As at the end of the Company's financial year on 30 June 2009, the Company had an accumulated loss of HK\$42,751,000. As at 31 May 2010, the accumulated loss recorded on the balance sheet of the Company was HK\$45,226,225. The Board of Directors of the Company has determined that this accumulated loss is permanent.
- 15 The Company proposes that the credit item of HK\$30,255,120 arising upon the confirmation of the reduction of capital be applied to set off against permanent losses of the Company.
- 16 The proposed capital reduction does not involve the diminution of any liability in respect of unpaid capital or the payment of any shareholder of any paid-up capital.

Minute of Order

- 17 The form of Minute proposed to be registered is as follows:

"The capital of EPRO Limited was, by virtue of a Special Resolution passed on 18 June 2010 and confirmed by an Order of the Grand Court reduced from HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.10 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. At the date of the registration of this Minute, 336,168,000 shares in the Company have been issued and are deemed to be fully paid up. On the said reduction of capital taking effect, the authorised share capital of the Company will be HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each of which 336,168,000 are issued and are fully paid up and the remainder are unissued."

AND THE PETITIONER HUMBLY PRAYS AS FOLLOWS:

- 1 That the capital reduction of the Company proposed to be effected by the Special Resolution referred to in paragraph 9 of this Petition be confirmed by the Court.
- 2 That the Minute referred to in paragraph 17 of this Petition be approved by the Court.
- 3 That, to this end, all necessary inquiries may be made and directions may be given.
- 4 Such further or other order as the Court sees fit.

Dated the 24th day of June 2010



Maples and Calder

NOTE: This petition is not intended to be served on anyone.

This Petition was presented by Maples and Calder, attorneys for the Petitioner, whose address for service is PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands. (Ref: CDM/JFP/657289-02/19120488)